



# ANNUAL REPORT

## FY05

Missouri Division of Tourism



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On behalf of the Missouri Tourism Commission, it is with pleasure and pride that I report to you on the state of tourism in Missouri.

With our industry partners we have made tourism one of Missouri's leading revenue producers, which, in the fiscal year ending June 30, 2005, reached record levels in generating sales tax revenues, was responsible for employing nearly 285,000 Missourians, and remained a \$13.4 billion industry for our state.

As the chart below demonstrates, in FY05 the Division of Tourism prudently invested nearly 86 percent of its budget on advertising and marketing. We are confident that this aggressive marketing strategy will ensure that our messages continue to resonate with travelers amid increasingly aggressive competition from our neighboring states for those travelers' attention and dollars.

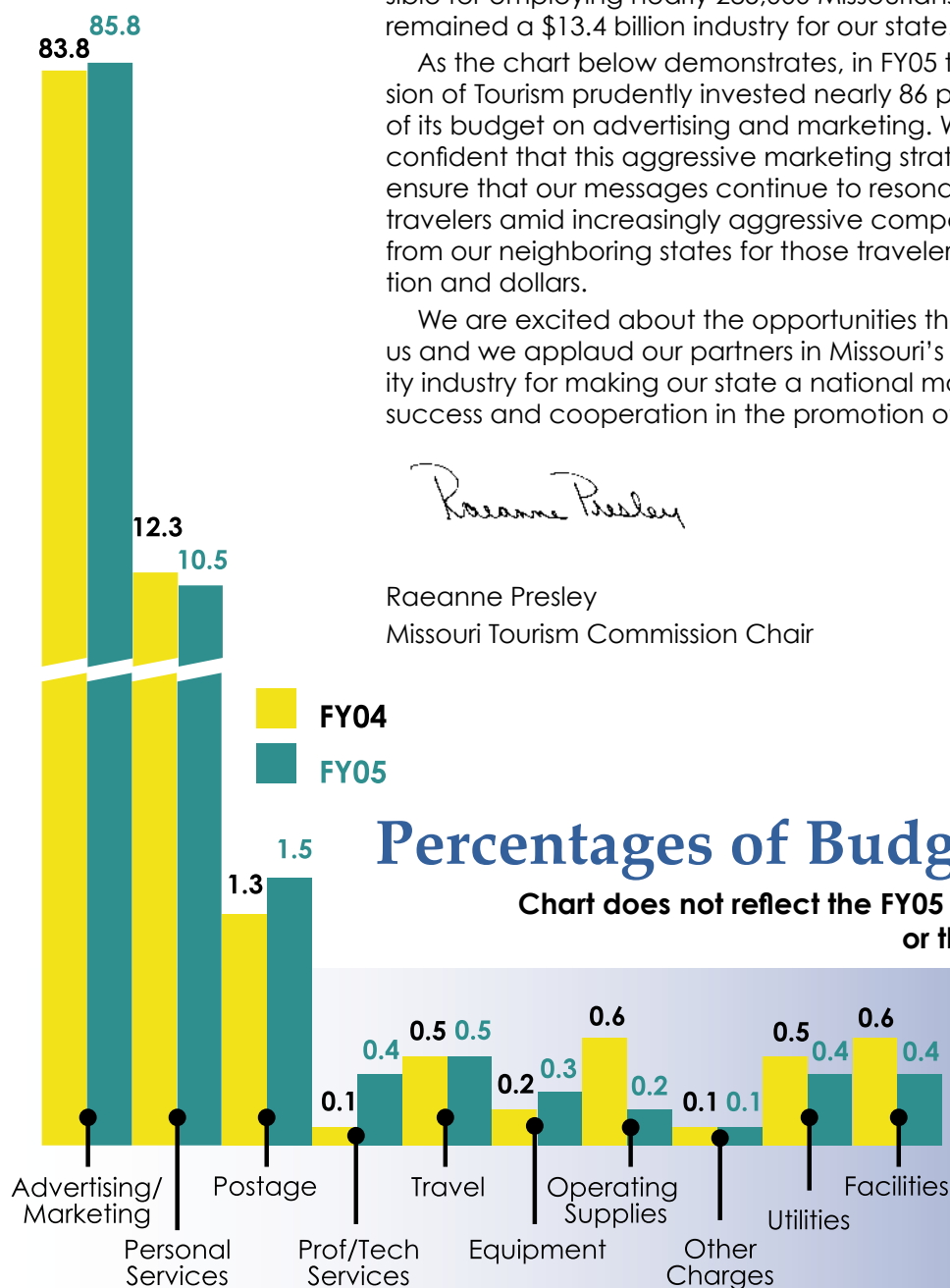
We are excited about the opportunities that await us and we applaud our partners in Missouri's hospitality industry for making our state a national model of success and cooperation in the promotion of tourism.

*Raeanne Presley*

Raeanne Presley  
Missouri Tourism Commission Chair

## MISSOURI TOURISM COMMISSION

Raeanne E. Presley  
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**Osage Beach**  
Karen Graves  
**St. Joseph**  
Randy Wright  
**Columbia**



## Percentages of Budget Expenditures

Chart does not reflect the FY05 Governor's Reserves of \$534,534, or the film office budget of \$184,803.

# Missouri's Five Marketing Regions



# Primary Marketing Programs

COMMUNICATIONS  
CULTURAL TOURISM  
ETHNIC MARKETING  
TOUR AND TRAVEL

COOPERATIVE MARKETING  
DOMESTIC MARKETING  
INTERNATIONAL MARKETING  
WELCOME CENTERS

## COMMUNICATIONS

### Strategy

Enhance the Missouri Division of Tourism's marketing efforts to increase revenue from travelers' expenditures.

### Tactics

- Generate positive editorial coverage through news releases, press tours, media missions, trade shows and memberships in professional travel writers organizations.
- Produce informative publications, such as the **Official Missouri Vacation Planner**, Marketing Plan, newspaper insert, and Tourism's Little Book.
- Enhance content of **VisitMO.com** as a resource for residents, visitors and members of the media.
- Partner with other state agencies to extend resources.

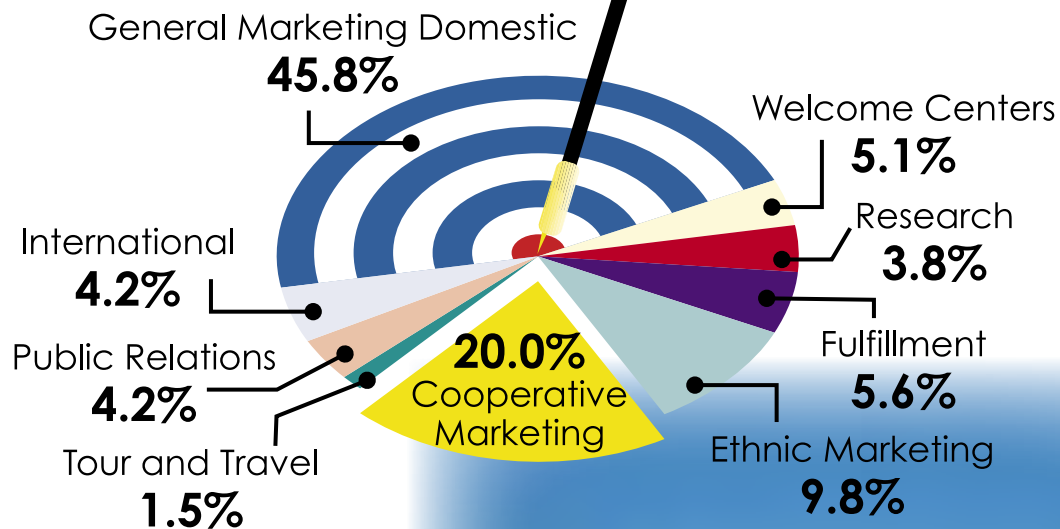
### Results

- Generated editorial copy with an advertising equivalency totaling \$24,704,192.
- Recorded 2,091,268 Web site visits to **VisitMO.com**.
- Trade shows attended: PRSA Tour and Travel, Missouri Press Association and Travel Media Showcase.
- Produced **Official Missouri Vacation Planner**, Spring Newspaper Insert, Tourism's Little Book, Annual Report, Marketing Plan and in cooperation with the Departments of Conservation, Natural Resources and Transportation and the Mississippi River Parkway Commission of Missouri, Missouri's Great River Road Birding Trail.



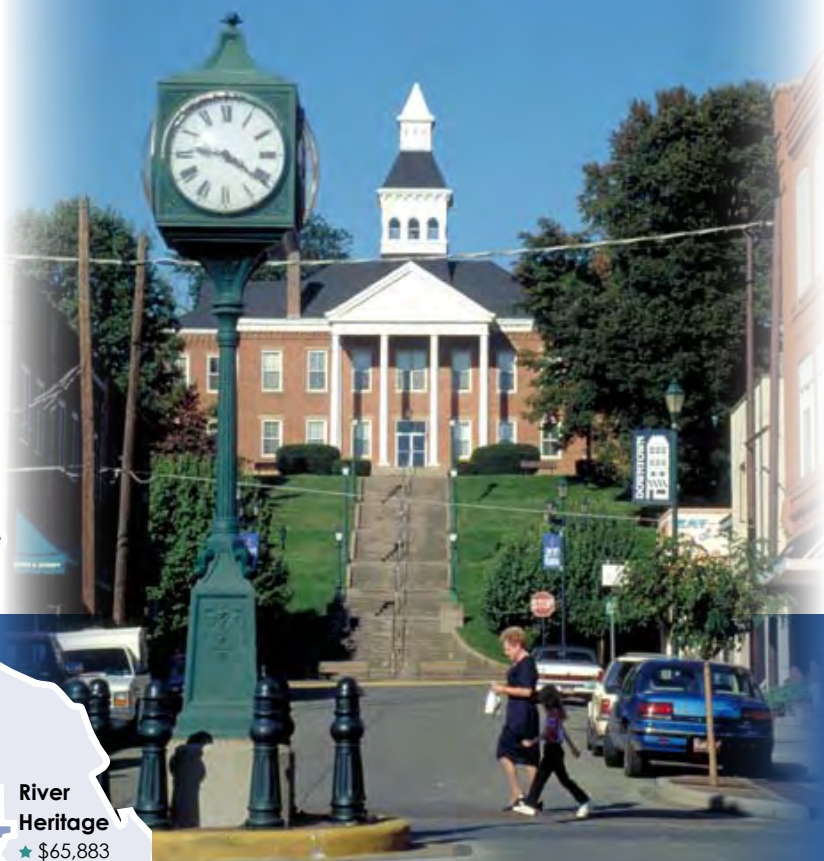
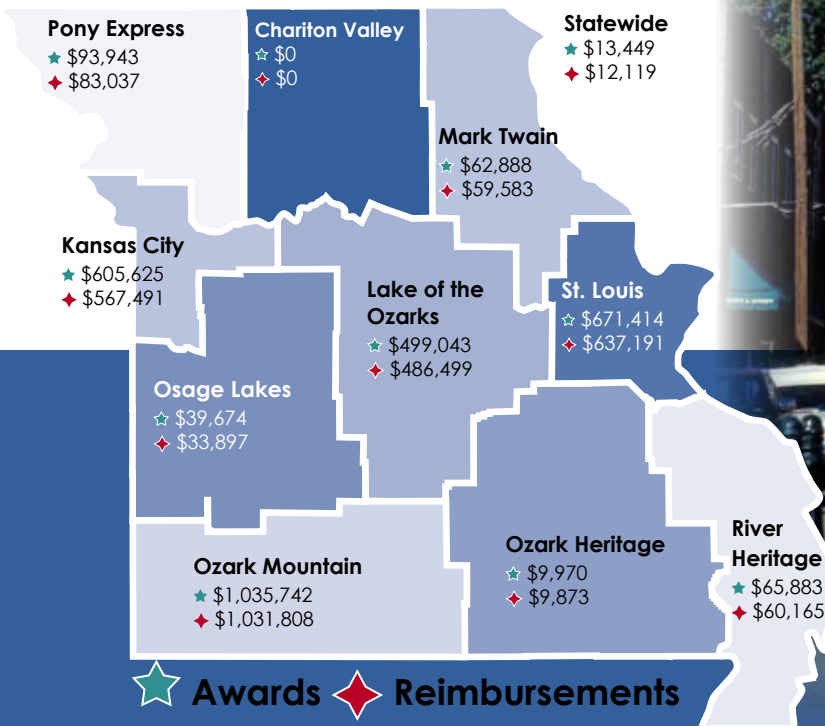


# Marketing Budget by Program



## Cooperative Marketing

Awards and Reimbursements for FY05



- Augmented content of Web site.
- Conducted press trips inviting media members to explore different highlights of Missouri's travel opportunities: Forgotten Missouri, Taste of Missouri, Famous Missourians, Family Fun, Missouri Music and in partnership with the Department of Agriculture's Grape and Wine Program, the Best of the Bunch.
- Upgraded extranet to collect listings for the 2006 **Official Missouri Vacation Planner**. Listings in both the *Vacation Planner* and **VisitMO.com** are now submitted online.
- Launched a series of online Getaway Guides featuring the Outdoors, Music and Entertainment and History.
- Launched an online printable 90-day calendar that is updated daily. A separate downloadable calendar of events was added for media use.

## COOPERATIVE MARKETING

### Strategies

- Extend MDT marketing resources through qualified partnerships.
- Support local performance-driven marketing strategies to increase tourism.
- Provide incentive and opportunity for marketing growth and improvement.
- Enhance the industry and MDT partnership.

### Tactics

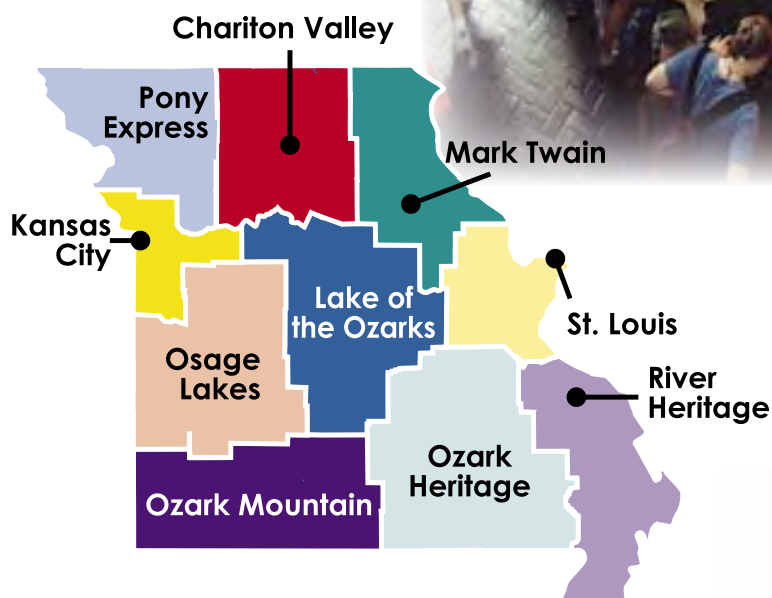
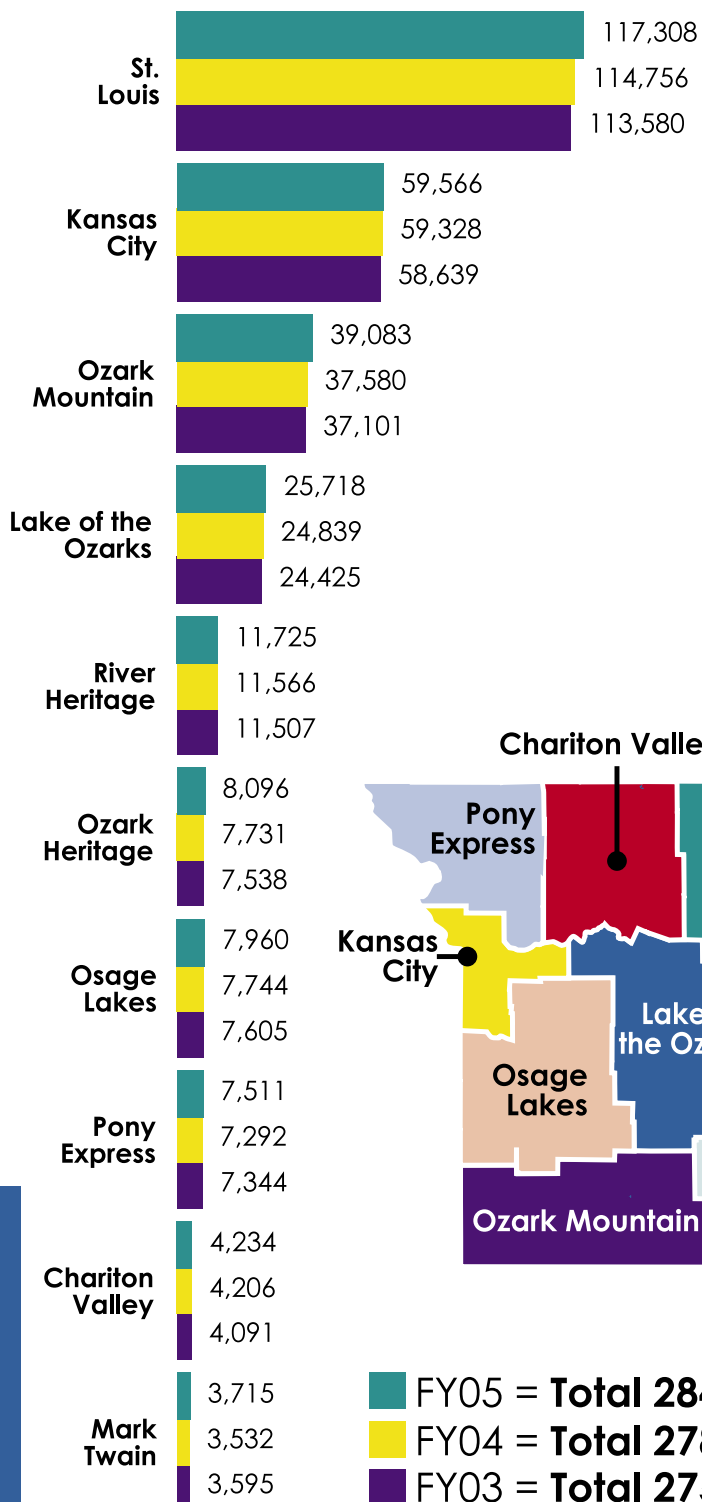
- Modify evaluation criteria to facilitate targeted funding.
- Implement comprehensive project tracking and reporting process.
- Monitor project goals, strategies, milestones and outcomes.
- Encourage media advertising.
- Analyze and compile in-depth end-of-project summary reports.

### Results

State Dollars Expended	\$2,981,662	Magazine Ads Placed	392
Local Matching Dollars	\$3,861,289	Billboards Leased	25
Total Project Cost <small>(state, local expenditures)</small>	\$6,842,951	Videos Distributed	47
Media Expenditures	\$5,450,673	Brochures Distributed	685,564
Total Circulation/Gross Impressions	1,962,815,124	Trade Shows Attended	33
Inquiries Reported	976,693	Familiarization Tours Hosted	16
Cost to State Per Inquiry	\$3.05	Web Sites Developed/Updated	3
TV Ads Placed	13,760	Other Marketing Activities	147
Radio Ads Placed	4,719	Number of Contracts	56
Newspaper Ads Placed	523		

# Tourism-related Employment

## Regions Number of Employees



FY05 = Total **284,916**  
 FY04 = Total **278,574**  
 FY03 = Total **275,425**

Source: Employment Security. This is the first year we are reporting this information by NAICS codes instead of SIC codes. Employment Security no longer provides information by SIC codes.





# CULTURAL TOURISM

## Strategy

Promote Missouri as a cultural destination.

## Tactics

- Develop public relations initiatives.
- Enhance Web site content.
- Place culturally focused advertising.
- Increase outreach through involvement with community groups.
- Promote agritourism, Grape and Wine Program.

## Results

- Wrote and distributed news releases addressing cultural tourism topics – history, heritage and arts.
- Enhanced cultural content on MDT Web site.
- Promoted cultural aspects of the state through advertising.
- Linked to [www.mocivilwar.org](http://www.mocivilwar.org).
- Continued partnership with Civil War Heritage Committee.
- Created Civil War tour itineraries for inclusion on Web site.
- Developed partnership with Missouri Department of Agriculture to promote agritourism.
- Conducted Forgotten Missouri press trip.
- Helped distribute the Mississippi River Hills regional cuisine map.
- Highlighted Missouri's culinary experiences with the Taste of Missouri promotion: 3.2 million targeted impressions; 10,803 visits to the Taste of Missouri promotion page on [VisitMO.com](http://VisitMO.com); 17.6 percent conversion rate from Web visits; 1,988 promotion entries.



*Missouri Division of Tourism efforts accounted for a \$4.8 billion economic impact during the past five years.*

## DOMESTIC MARKETING

### Strategy

Increase tourism spending in Missouri by promoting the state as a desirable travel destination to the general domestic market.

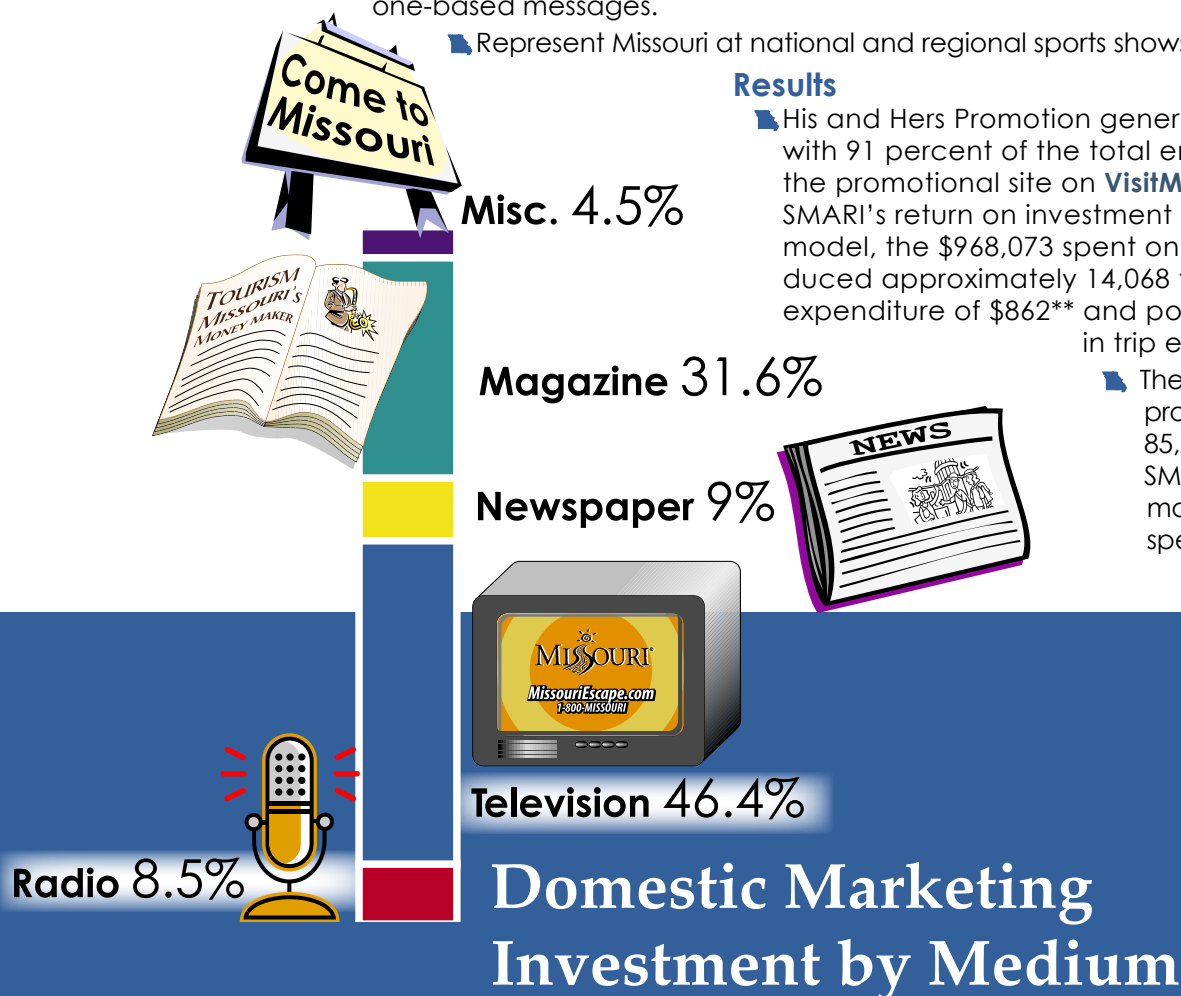
### Tactics

- Use a balanced mix of image and awareness-building media – television, magazines, newspapers and select online placements.
- Reinforce positive brand awareness.
- Drive potential visitors to the Web site for information.
- Time campaigns to promote fall, holiday and spring/summer travel.
- Target consumers' desire to stay closer to home, combining shorter, more frequent getaways with traditional one- or two-week vacations.
- Emphasize Missouri's unique appeal to potential travelers possessing a wide variety of leisure travel interests and needs.
- Include promotions in media campaigns, extending advertising budgets via partnerships.
- Aim direct marketing efforts at best tourism customers, relaying targeted one-to-one-based messages.
- Represent Missouri at national and regional sports shows and outdoor events.

### Results

- His and Hers Promotion generated 28,652 entries with 91 percent of the total entries coming from the promotional site on [VisitMO.com](http://VisitMO.com). Based on SMARI's return on investment (ROI) research model, the \$968,073 spent on this promotion produced approximately 14,068 trips\* at an average expenditure of \$862\*\* and potentially \$12 million in trip expenditures.

- The Missouri Escape promotion tallied 85,233 entries. Based on SMARI's ROI research model, the \$2,891,638 spent on this promotion



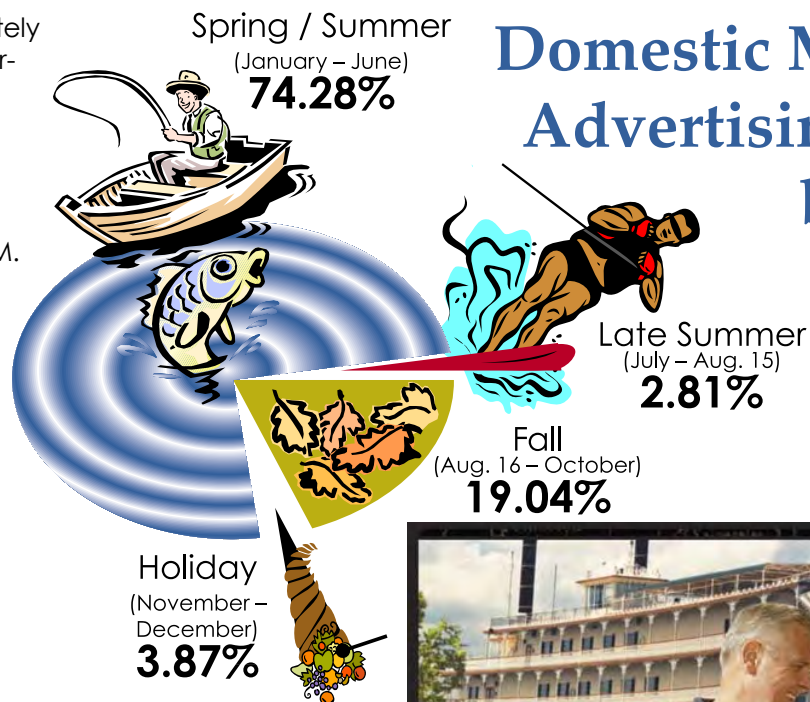
produced approximately 41,849 trips\* at an average expenditure of \$862\*\* and potentially \$36 million in trip expenditures. Total media impressions: 527,155,200; \$4.75 CPM.

■ The Taste of Missouri promotion measured 15,849 entries. The \$500,000 spent on this promotion produced approximately 7,782 trips.\* The average trip expenditure was \$862\*\* with potentially \$6.7 million in trip expenditures, based on SMARI's ROI research model. Total media impressions: 34,042,052 (does not include online); \$14 CPM (does not include online).

■ The number of valid individual entries for the Holiday Campaign totaled 23,396. Based on SMARI's ROI research model, the \$180,000 spent on this promotion produced approximately 11,487 trips,\* at an average expenditure of \$862\*\* and generated potentially \$9 million in trip expenditures.

\*According to a conversion rate of 49.1 percent, determined by the SMARI CY02 Conversion Study.

\*\*Based on the FY05 Advertising Effectiveness Study.



## Domestic Marketing Advertising Budget by Season

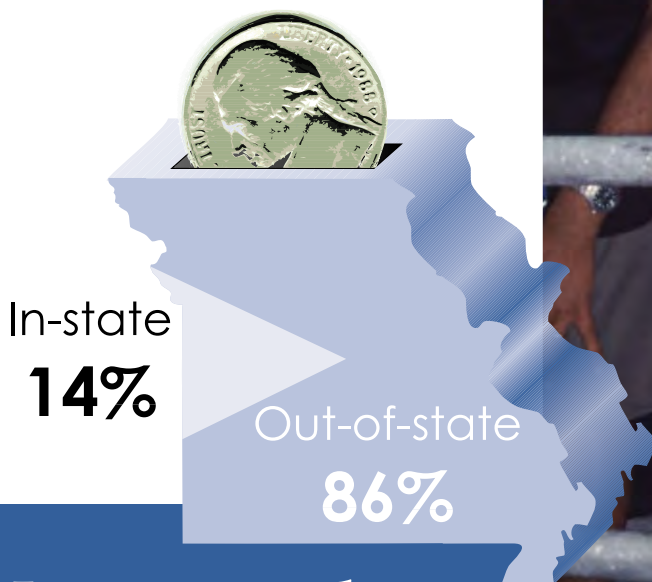
## Outcome Measures

Fiscal Years	1999	2000	2001	2002	2003	2004	2005
<b>SIC Sales Tax Revenue</b> (in millions)*	\$306.48	\$316.22	\$317.02	\$323.66	\$327.97	\$346.08	\$361.0
<b>Tourism Employment</b>	236,290 <sup>1</sup>	240,003 <sup>1</sup>	241,593 <sup>1</sup>	243,165 <sup>1</sup>	275,425 <sup>2</sup>	278,574 <sup>2</sup>	284,916 <sup>2</sup>

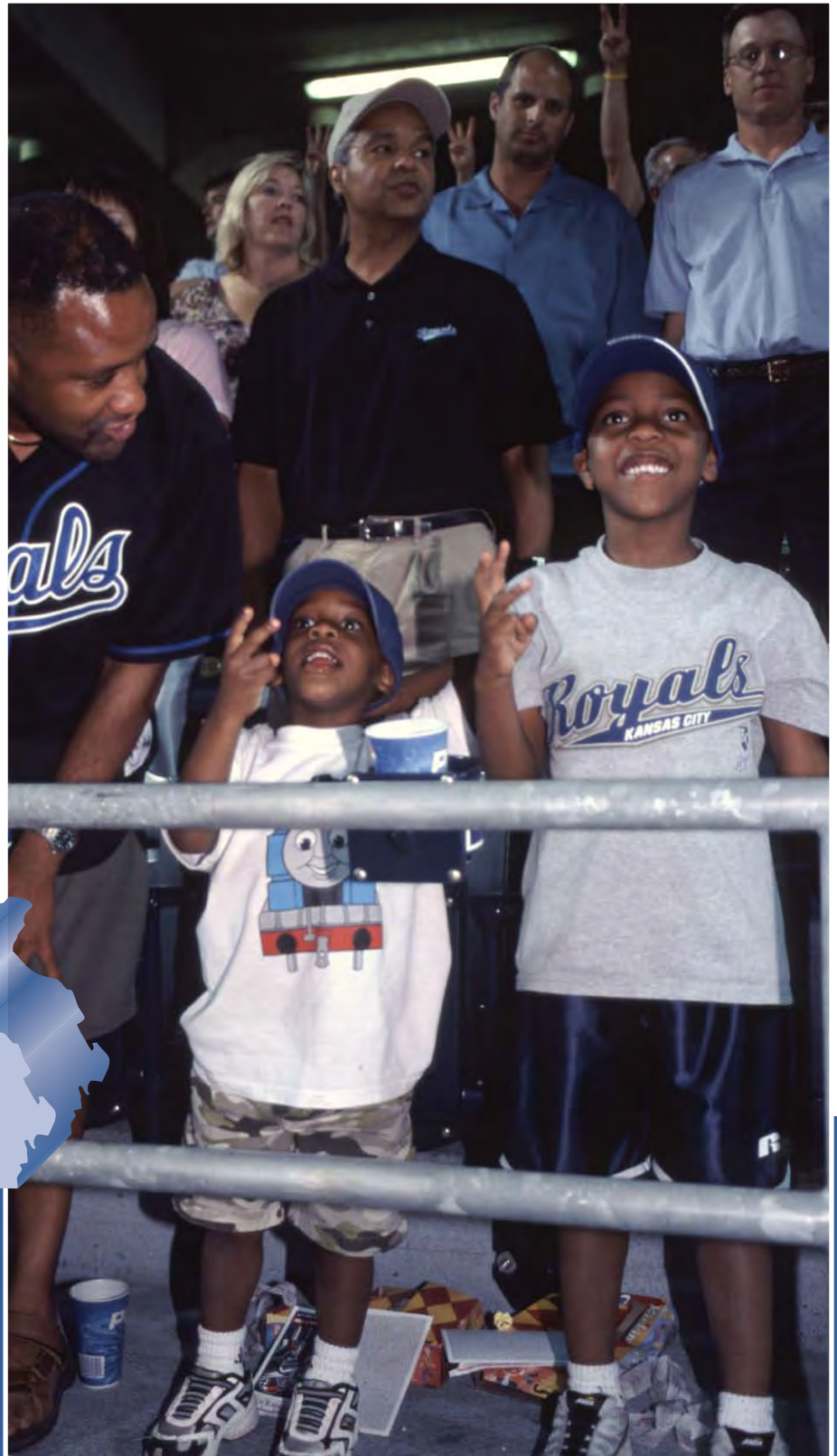
\*Source: Missouri Department of Revenue. <sup>1</sup>Source: Missouri Employment Security reported by SIC codes. <sup>2</sup>Source: Missouri Employment Security reported by NAICS codes.



*The state sales tax from 17 tourism-related SIC codes totaled \$361 million in FY05.*



## In-state and Out-of-state Investment



# ETHNIC MARKETING

## Strategy

Promote the idea to African-American travelers that there is more to Missouri than they thought, by taking the position that Missouri offers a complete entertainment destination.

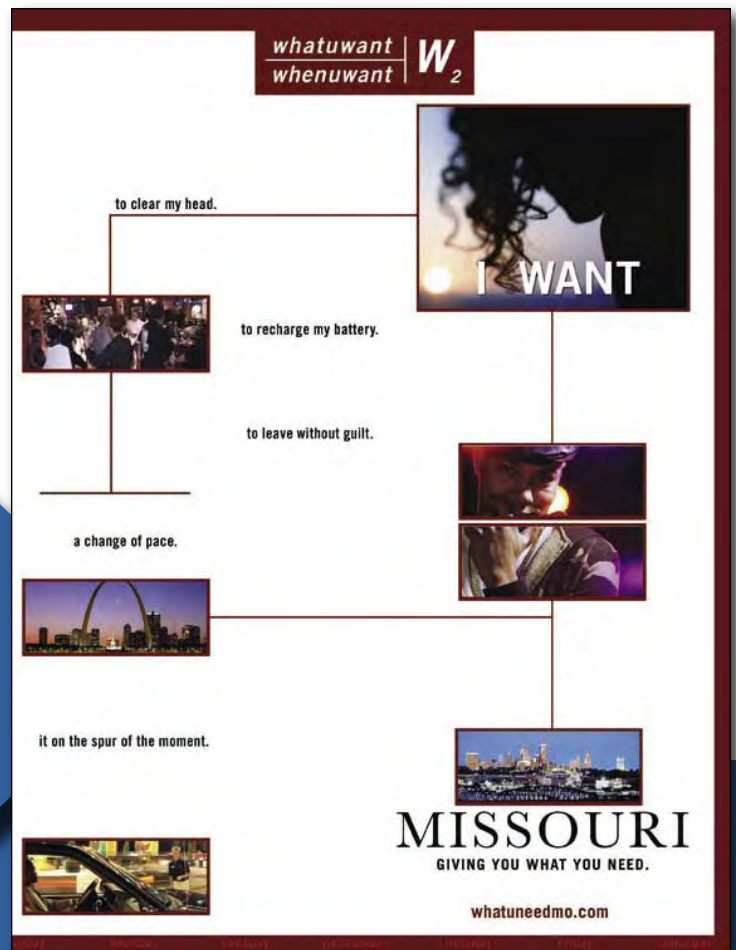
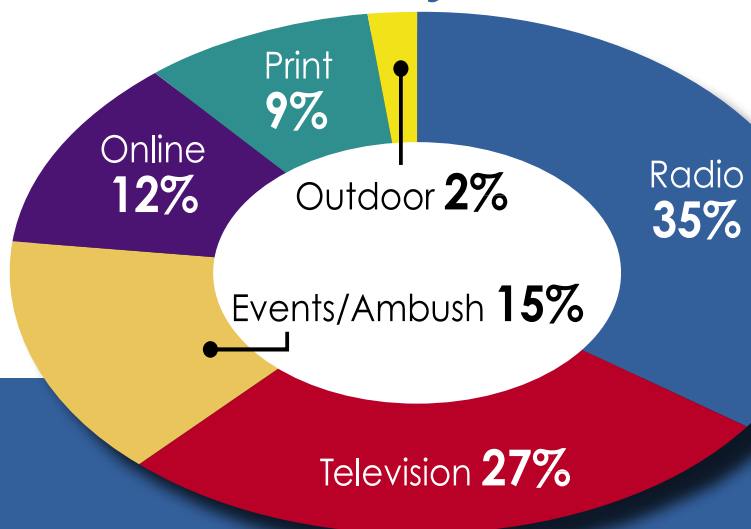
## Tactics

- Invest in traditional media such as television, radio, print, Internet, outdoor and direct mail.
- Use nontraditional marketing such as an interactive DVD containing video of Missouri destinations and Missouri Nights television commercial, magazine and newspaper advertising; customized Missouri Nights jazz CD to be played on radio in target markets; ambush marketing; Missouri Nights Access Card; and relationship marketing.
- Create Planogram to assist with all trip planning needs.
- Drive traffic to [www.whatuneed.com](http://www.whatuneed.com) Web site.

## Results

- Partnership with St. Louis Gateway Classic on the Soul in the Night promotion resulted in an additional 900 room nights sold and \$246,276 in return spending.

## Ethnic Marketing Investment by Medium





*MDT marketing efforts in FY05 accounted for an additional \$47.85 million in Missouri state tax revenues.*

## INTERNATIONAL MARKETING

### Strategies

- Increase awareness of Missouri as an international destination.
- Increase United Kingdom passenger volume and stays by Canadians visiting by auto.

### Tactics

- Increase breadth and volume of Canadian group product.
- Work with private contractor for United Kingdom and Canada and in-country U.K. marketing firm.
- Create, place advertising in researched media within the United Kingdom and Canada.

- Promote Missouri as the "Real America" to travel trade, media and consumers.
- Regularly update and distribute press kits and news releases.
- Represent Missouri at consumer and travel trade shows.
- Create and distribute newsletter to U.K. travel trade and select consumers.
- Fulfill requests for information.
- Attract and host international journalists and travel trade for familiarization tours.
- Work with travel industry partners – airlines and tour operators – on cooperative projects to maximize resources.
- Provide sales mission opportunities to Missouri industry partners.
- Promote group tour page on MDT Web site through these URLs: [www.VisitMO.ca](http://www.VisitMO.ca), [www.GoMissouri.co.uk](http://www.GoMissouri.co.uk) and [VisitMO.co.uk](http://VisitMO.co.uk).
- Create and distribute new and themed itineraries.
- Create and distribute press releases written to entice international visitors.

**The Real America**  
There is something for everyone in Missouri

• In St. Louis the famous gateway Arch complex houses one of the nation's finest museums of American history. Two hours north, you're in Mark Twain country. St. Joseph on the Missouri River is famously associated with the Pony Express which started here in 1860, and Kansas City, renowned for its wonderful architecture, theatres, restaurants and jazz clubs. South of Springfield, the area around Branson attracts millions of visitors a year who enjoy the lakes and forests, entertainment complexes, theatres and country music. Missouri has it all - cultural heritage, variety of nightlife, famous sites and landmarks, fun water adventures, exciting theme parks, national parks and of course river heritage.

For your personalized Missouri vacation, call Donna Cordle-Powell at (1) 636.940.0017 or email [dcordle@ezl.com](mailto:dcordle@ezl.com). In the U.K. contact Liz Hunter at 01564 79 4999 or email [liz@cellet.co.uk](mailto:liz@cellet.co.uk). Visit our web site at [www.VisitMO.com](http://www.VisitMO.com).

**MISSOURI**  
where the rivers rise

Missouri congratulates A.T.I. on 25 great years.



## Results

- Created and distributed two newsletters to international travel agents, tour operators and consumers who have expressed interest in Missouri.
- Generated 2,045 Web site visits to [www.GoMissouri.co.uk](http://www.GoMissouri.co.uk) and [www.VisitMO.co.uk](http://www.VisitMO.co.uk).
- Created a group tour page on [www.VisitMO.ca](http://www.VisitMO.ca) to include itineraries, images, escort notes and day-trip ideas.
- Included [www.VisitMO.ca/group](http://www.VisitMO.ca/group) tour tag line on advertisements in Canadian trade publications to encourage tour operators to utilize online group tour services.
- Executed the Missouri Tour Operator Breakfast during the Ontario Motor Coach Association Convention in Toronto and the summer U.K. sales mission.
- Hosted trade and media familiarization trips for both Canadian and United Kingdom markets.
- Generated \$1,486,093 in public relations evaluations within the United Kingdom.
- Increased Missouri tour product availability with United States-based receptive tour operators to include ATI, Unique Tours and North American Journeys.
- Generated \$359,296 in Canadian public relations evaluations with an investment of less than \$15,000.
- Created and launched Travel Uni, a Web-based training program for British travel agents. At the close of FY05, 4,600 agents had registered for the program.
- Engaged in co-op marketing programs with two Canadian tour operators and three United Kingdom tour operators.



*Travel is a \$13.4 billion industry for the Show-Me State.*



## Advertising Responses

Includes vacation kits shipped  
and Web site visits

2,342,150



2,045,098



1,776,506



1,404,376



1,177,911



966,733



2005

2004

2003

2002

2001

2000

# TOUR AND TRAVEL

## Strategy

Promote Missouri as a memorable destination for group travelers.

## Tactics

- Use trade shows and promotions to reach target markets for the affinity market (military groups, student/youth, bank clubs, group leaders) and tour operators. Allocate resources primarily to the affinity market with tour operators secondary.
- Create geographical and thematic itineraries, events calendars and editorial profiles for group travel trade publications.
- Customize advertisements to fit group travel trade publications.
- Place group tour information online for operators at [www.VisitMO.com/grouptour](http://www.VisitMO.com/grouptour).

## Results

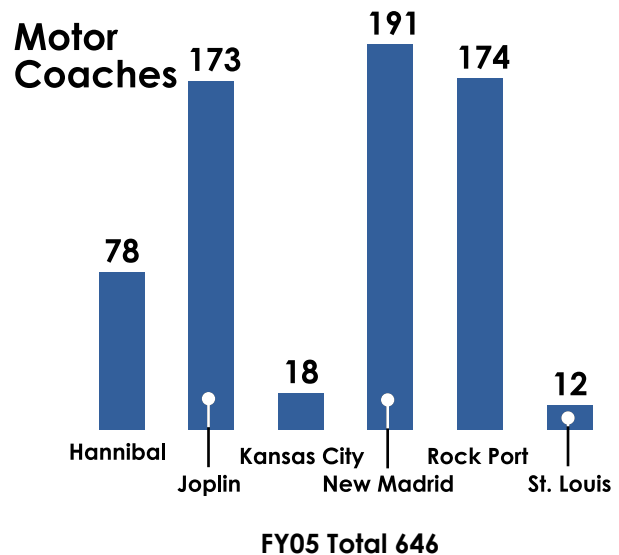
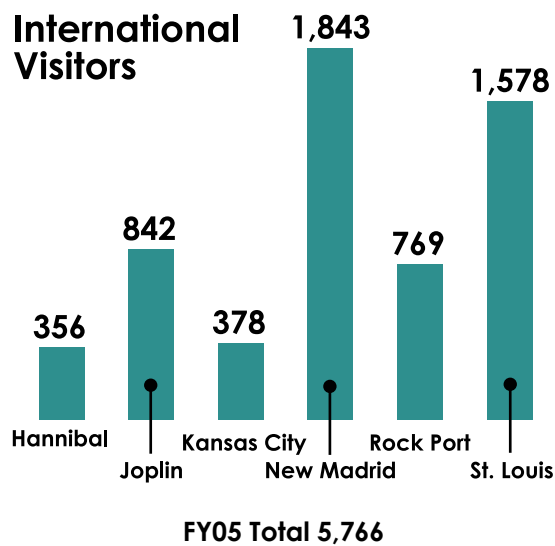
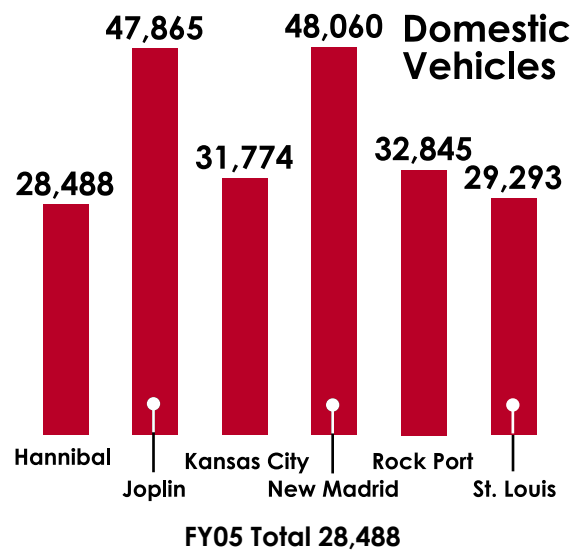
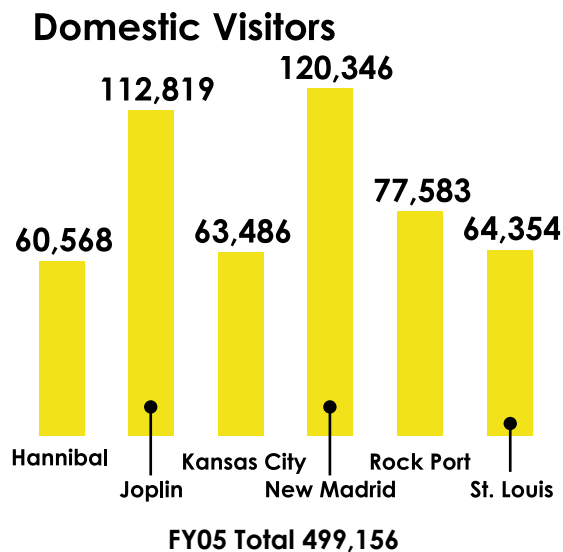
- Conducted press visits for domestic group media, including *Bank Travel Management*, which resulted in a public relations evaluation of \$156,585. Kaleo Tours group leader familiarization tour resulted in an estimated \$30,570 of future business within 60 days of the tour.
- Placed advertisements in *Bank Travel Management*, *Group Travel Leader*, *Show Me Missouri*, *TravelBound!*, *Leisure Group Travel* and *Courier* magazines.
- Generated 321 tour operator leads and compiled and distributed 1,024 buyer profiles for the Missouri tourism industry.
- Entered into a destination marketing partnership with Tap Into Southern Treasures. Currently featuring two Missouri itineraries being sold via 14 tour operators.

### Attended the following trade shows:

Primary Trade Shows	Market
International Motorcoach Group	Tour operators
Missouri Showcase	Tour operators, group leaders
Student Youth Travel Association (SYTA)	Tour operators (student market)
National Tour Association	Tour operators
Military Reunion Network	Military planners
SYTA Summit	Tour operators (student market)
American Bus Association	Tour operators
Bank Travel Conference	Bank club planners
African-American Travel Conference	Group leaders



# Welcome Centers FY05 Visitor Counts



**Total Visitors 527,775**  
includes domestic, international  
and motor coach visitors

**Total Vehicles 221,368**  
includes domestic, international vehicles  
and motor coaches



# WELCOME CENTERS

In cooperation with the Missouri Department of Transportation, the Division of Tourism operates six Welcome Centers located in rest areas along the interstate highway system at key entry points around the Missouri border: Hannibal, Joplin, Kansas City, New Madrid, Rock Port and St. Louis.

These centers distribute information about events to attend and attractions to visit throughout Missouri. Thousands of brochures are available to guide visitors as they pursue their Missouri vacations.

In addition to distributing information, the Welcome Centers help MDT collect data; tracking visitation by season, geographic origin and modes of transportation.

## RESEARCH

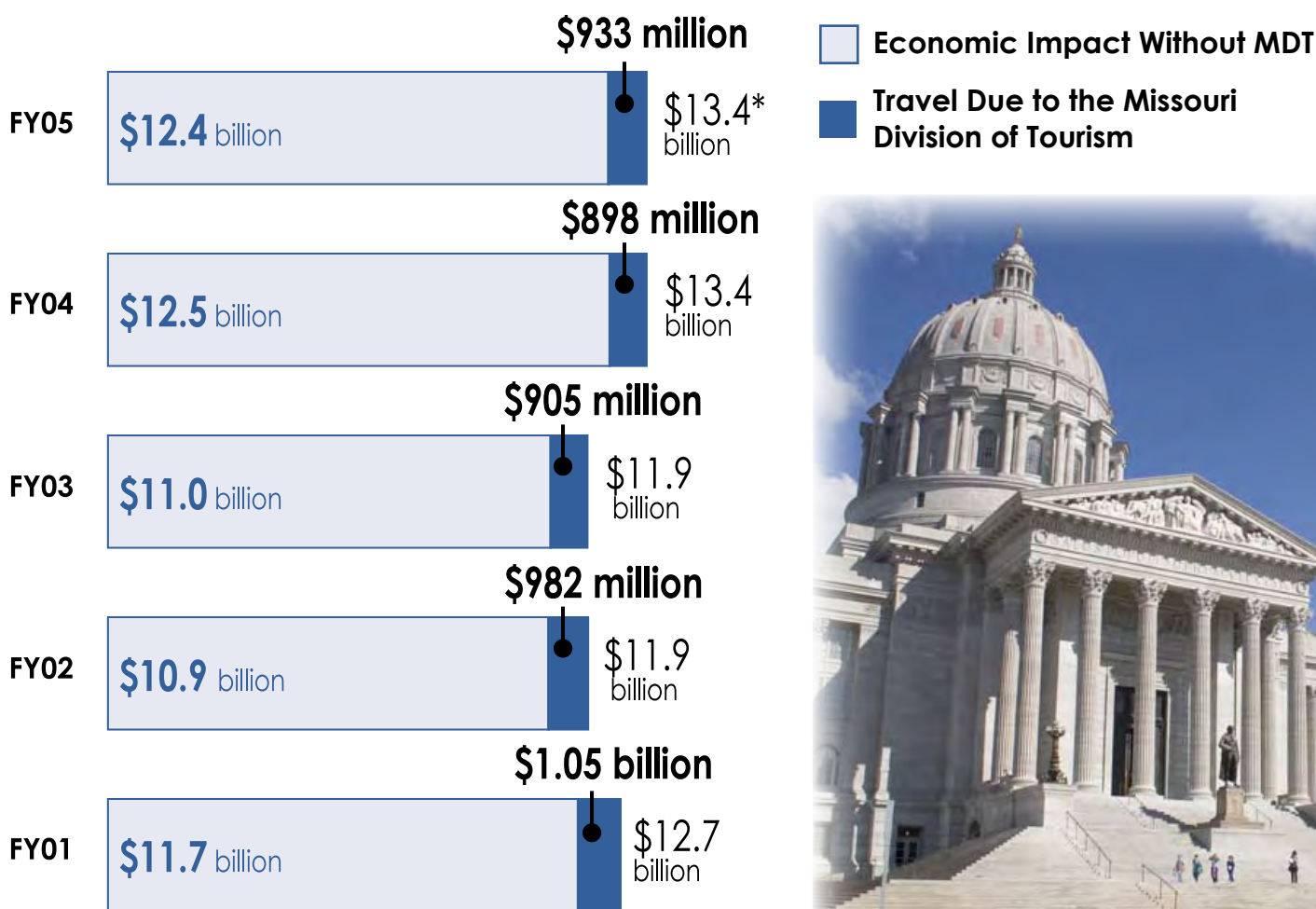
Research provides a road map to help MDT make more informed marketing decisions and monitor the success of the division's strategies:

- Advertising/PR Effectiveness Report
- Economic Impact Report
- Analytic Customer Relationship Marketing (CRM) System – Database Analysis
- Destination Awareness Audit
- Market Segmentation Study
- Web Site Studies
- Lodging Statistical Analysis



*For every \$1 the state of Missouri spends on marketing tourism, \$55 is returned in tourism expenditures.*

## Economic Impact of Tourism in Missouri



**Economic Impact Source:** University of Missouri  
**Incremental Travel Source:** SMARI  
\*Based on FY04. FY05 numbers not yet available.



# BUDGET HISTORY

Missouri's tourism funding formula often is recognized as a model for the nation. Other states, including Colorado, Iowa, Kansas, Maryland, Minnesota, Montana, Nebraska, North Carolina, Ohio, Rhode Island and Wisconsin have studied, adopted or are considering implementing funding plans patterned after Missouri's.

Conceived by industry members, the formula has allowed the Division of Tourism to fund itself from growth in the industry while reducing the division's need for traditional General Revenue Fund appropriations. The performance-based formula has provided for the Missouri Division of Tourism budget to grow from \$6 million per year to \$17.8 million for FY05. (Actual funding for FY05 was \$16.8 million.)

State Law RSMo 620.467, known as the Tourism Supplemental Revenue Fund (TSRF), works by identifying sales tax revenue generated by businesses that serve travelers. A percentage of the growth in sales tax revenue from businesses that fall within 17 tourism-related Standard Industry Classification (SIC) codes is used to determine the growth in the TSRF. The formula also allows for 3 percent inflation each year. Once the 3 percent threshold is reached, one-half of the additional growth is used to determine the funding. The fund cannot grow by more than \$3 million in any one year.

In addition, a provision in the law requires that the original FY94 General Revenue core be systematically eliminated by FY04. These reductions were accelerated such that the division was funded 100 percent through the TSRF in FY02, two years earlier than mandated.

In 1998 and 2002, the General Assembly passed legislation to enhance the original state law. One of the outcomes was to extend the sunset clause to June 2010.

Increases in the TSRF appropriation allow for additional investment in tourism marketing and promotion. Through this performance-based budget, the division expanded its marketing message to new audiences while offering a cooperative matching funds program to local tourism organizations. This places Missouri in a better position to raise awareness of travel opportunities within our state and compete with neighboring states for traveler expenditures.



*The number of residents employed in tourism-related industries increased by 6,342 from FY04 to FY05.*



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*2006 Official Missouri Vacation Planner  
Photo Contest Grand Prize Winner*

*Photographer: Burt Remis, St. Louis*



  
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Where the rivers run  
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